



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 11, 2006

H.R. 4843 **Veterans' Compensation Cost-of-Living Adjustment Act of 2006**

As introduced on March 2, 2006

H.R. 4843 would increase the amounts paid to veterans for disability compensation and to their survivors for dependency and indemnity compensation by the same cost-of-living adjustment (COLA) payable to Social Security recipients. The increase would take effect on December 1, 2006, and the results of the adjustment would be rounded to the next lower dollar.

The COLA that would be authorized by this bill is assumed in CBO's baseline, pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act, and savings from rounding it down were achieved by the Balanced Budget Act of 1997 (Public Law 105-33) and extended to 2013 by the Veterans Benefits Act of 2003 (Public Law 108-183).

Because the COLA is assumed in CBO's baseline, the COLA provision would have no budgetary effect relative to that baseline. Relative to current law, CBO estimates that enacting this bill would increase spending for these programs by \$530 million in 2007. (The annualized cost would be about \$710 million in subsequent years.) This estimate assumes that the COLA effective on December 1, 2006, will be 2.2 percent.

H.R. 4843 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Dwayne M. Wright. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.